

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
21 CUSTOM HOUSE STREET
BOSTON, MASSACHUSETTS 02110-3525

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

June 16, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

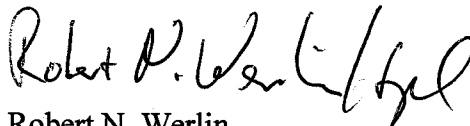
Re: D.T.E. 03-47, Boston Edison Company, Cambridge Electric Light Company,
Commonwealth Electric Company, NSTAR Gas Company, Pension/PBOP
Adjustment Mechanism Tariff Filing, Discovery Responses

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses of Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,



Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

**Information Request AG-1-30
Information Request AG-1-56**

June 16, 2003

Information Request AG-1-30

Please provide a mathematical proof that ratepayers, under the Companies' proposed Tariffs, will not pay, on a going-forward basis, any more for the pension and post-retirement benefits other than pensions costs than the Companies pay to the respective trust funds.

Response

The following mathematical equations and explanation prove that the Company will collect from customers only what it pays to the respective trust funds:

Given, $\Sigma \text{Funding} = \Sigma \text{Benefit payments} - \Sigma \text{Earnings in the fund}$

And Given, $\Sigma \text{SFAS 87/106 cost} = \Sigma \text{Benefits payments} - \Sigma \text{Earnings in the fund}$

Then, $\Sigma \text{Funding} = \Sigma \text{SFAS 87/106 cost}$

Where Σ means the sum of historical and future amounts.

Therefore, over time, funding of the pension and PBOP plans is equal to SFAS 87 and SFAS 106 cost (indeed this is the intent of SFAS 87 and SFAS 106).

Part of SFAS 87 and SFAS 106 costs are capitalized and collected from customers through depreciation. The remainder of SFAS 87 and SFAS 106 costs is expensed. The Company already has shown that, historically, it collected from customers almost exactly what has been expensed (see Attachment DTE-1-2(Rev)). By introducing a mechanism on a going-forward basis that collects from customers the SFAS 87 and SFAS 106 expense, on a fully reconciling basis, customers will pay only the future total SFAS 87 and SFAS 106 expense.

Therefore, taking into account collections from customers for expenses and amounts capitalized:

$\Sigma \text{Funding} = \Sigma \text{SFAS 87/106 cost} = \Sigma \text{collected from customers}$

Customers will pay on a going forward basis no more than the amounts that will be put into the trust funds and the prepaid amounts not yet expensed.

Information Request AG-1-56

Referring to the proposed Tariffs, page 3, Section 1.06, please provide a sample filing for each of the Companies as required under this section assuming that the Companies were to file for effect January 1, 2004.

Response

The schedules supporting the filing for effect January 1, 2004 will be similar to the example calculation provided in Attachment DTE-1-4(Rev). In addition, as described in Section 1.06 of the Tariffs, the Company will also file a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PAF. Please see Attachment AG-1-56, which is a sample of the format for the (sub)account information that will be filed. Note that upon approval of the PAM, the Company will establish new subaccounts within account 926 in order to isolate recoverable pension and PBOP expenses. Therefore, the final format of the schedule will be adjusted accordingly.

2004 Pension Adjustment Mechanism

Recoverable Pension and PBOP Plan Expenses For 2003 (\$'s in millions)

| Line | Account | NSTAR | | | | | | Description |
|---|---|-------------------------|------------------|-----------------------|--------------------------|--------------|----------------------|-------------|
| | | Electric & Gas Co. * | Boston Edison | Cambridge Electric | Commonwealth Electric | NSTAR Gas | | |
| Col. A | | Col. B | Col. C | Col. D | Col. E | Col. F | | |
| Account 926 (2003 - 9 months actual 3 months estimate) | | | | | | | | |
| 1 | Pension cost (Account 926100) | \$ X.XX | | | | | | |
| 2 | Charged to Operating Cos. Through Benefits Loader | (X.XX) | | | | | | |
| 3 | Subtotal | \$ 0 | | | | | sum of lines 1 and 2 | |
| 4 | Recoverable Pension Plan Expense (926XXXX) | \$ X.XX | \$ X.XX | \$ X.XX | | \$ X.XX | | |
| 5 | PBOP cost (Account 926320) | \$ X.XX | | | | | | |
| 6 | Charged to Operating Cos. Through Benefits Loader | (X.XX) | | | | | | |
| 7 | Subtotal | \$ 0 | | | | | sum of lines 5 and 6 | |
| 8 | Recoverable PBOP Plan Expense (926XXXX) | \$ X.XX | \$ X.XX | \$ X.XX | | \$ X.XX | | |
| 9 | Total Recoverable Pension and PBOP Plan Expenses | \$ X.XX | \$ X.XX | \$ X.XX | | \$ X.XX | sum of lines 4 and 8 | |

* Total Benefits are charged to Operating Companies from NSTAR Electric & Gas Company. Recoverable amounts under this mechanism include only the components of the accounts attributable to pension and PBOP.